

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:523

ANSWERED ON:02.03.2007

MERGER OF WEAK BANKS

Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Masood Shri Rasheed;Patil Shri Shrinivas Dadasaheb;Patle Shri Shishupal Natthu;Yadav Shri Kailash Nath Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has issued any instructions to public sector banks to take over the weak banks;
- (b) if so, whether the Government proposes to revive its plans for consolidation in public sector banks as reported in Times of India dated January 22, 2007;
- (c) if so, the details thereof;
- (d) the names of the banks proposed to be merged;
- (e) the steps taken by the Government to protect interests of the workers as well as the investors;
- (f) whether the Government has received proposals from foreign banks to take over weak banks;and (g) if so, the details thereof and the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (e) : Government of India / Reserve Bank of India (RBI) have not issued any instruction to public sector banks for taking over weak banks. Government is of the view that any proposal for consolidation by way of merger etc. of one public sector bank (PSB) with another PSB should emanate from the concerned banks with Government playing a supportive role as the common shareholder. While supporting any merger proposal. Government will ensure that the interests of the stakeholders and employees of merging banks are adequately protected.

(f) & (g) Some foreign banks have evinced interest to take over certain weak private sector banks in India. Government / RBI examines such proposals on merit of each case, and rules and regulation in force to ensure that the interests of depositors and shareholders are adequately protected.